

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**  
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 1 — 0 1 4

2. STATE:

CT

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

11-12-01

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 42CFR447.253

Section 1923(c) of the Social Security Act

7. FEDERAL BUDGET IMPACT:

a. FFY 2002 \$ 7 millionb. FFY 2003 \$ 7 million

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19A

Page 15 (New)

Page 16 (New)

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):10. SUBJECT OF AMENDMENT: "Additional Disproportionate Share Payments for Private Freestanding  
short-term Children's General Hospitals which provide Uncompensated Care under Section 1923  
of the Social Security Act."

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☒ OTHER, AS SPECIFIED:

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

Michael P. Starkowski

14. TITLE:

Deputy Commissioner

15. DATE SUBMITTED:

11-06-01

16. RETURN TO:

Donald Iodice  
Department of Social Services  
25 Sigourney Street  
Hartford, CT 06106**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

11/14/01

18. DATE APPROVED:

5/12/02

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:

11/12/01

20. SIGNATURE OF REGIONAL OFFICIAL:

Laura Renaud for Ronald Preston

21. TYPED NAME:

22. TITLE:

Assoc. Regional Admin / MISO

23. REMARKS:

**OFFICIAL**

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
State Connecticut

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- (10) **(NEW)** Additional Disproportionate Share Payments for Private Freestanding short-term Children's General Hospitals which provide Uncompensated Care under Section 1923 of the Social Security Act.

In addition to the disproportionate share payments set forth in previous sections, disproportionate share payments are made to any qualifying private freestanding short-term Children's General Hospital lawfully operating in the state, which provides uncompensated care. Short-term Children's General Hospitals are defined at Section 19-13-D1 (b)(A) of the Public Health Code of the State of Connecticut.

CRITERIA - In order to qualify as a disproportionate share hospital under this section, a hospital must meet the two following conditions.

1. Be a lawfully operating short-term Children's General Hospital within the State providing uncompensated care services.
2. Each hospital must meet the requirements of Section 1923 (d) of the Social Security Act.

Payment Adjustment – Uncompensated care includes the actual cost of care provided free of charge as either bad debt or charity care and the difference between the costs incurred and the payments received by disproportionate share hospitals in providing services to patients eligible for the State Medical Assistance Program, the General Assistance Program, the State Administered General Assistance Program, and payment received under any other sections of Attachment 4.19A of the Medicaid State Plan pertaining to disproportionate share payments to hospitals.

TN# 01-014

Approval Date 5/2/02

Effective Date 11-012-01

Supersedes

TN# NEW

**OFFICIAL**

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT  
State Connecticut

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Payments shall be made to each of the qualifying short-term children's hospitals on a semi-annual basis as follows:

1.
  - (A) Determine the amount appropriated for payments under this section during the current state fiscal year.
  - (B) Determine the amount of uncompensated care reported by each of the qualifying hospitals during the most recent fiscal year for which audited information is available.
  - (C) Add up the total amount of uncompensated care for all of the qualifying hospitals described in (B).
  - (D) Divide the result of (B) by the result of (C).
  - (E) Multiply (A) **by the results of (D).**
  - (F) Make two payments to each qualifying hospital in each state fiscal year, the sum of which does not exceed 100% of the amount described in (A). **These payments shall be considered to be final payments, subject to the federal hospital specific limits on disproportionate share payment adjustments. The first payment shall be made during the third quarter of the state fiscal year (January-March). The second payment shall be made during the fourth quarter of the state fiscal year (April-June).**
- II. Any amount paid that is subsequently determined to exceed the amount of allowable costs for uncompensated care shall be deducted from subsequent payments.

TN# 01-014

Approval Date 5/2/02

Effective Date 11-12-01

Supersedes  
TN# NEW

**OFFICIAL**

**THE CONNECTICUT MEDICAID AGENCY ASSURANCES  
APPLICABLE TO MEDICAID INPATIENT HOSPITAL AND  
DISPROPORTIONATE SHARE PAYMENTS**

- A. The Department of Social Services, as the single-State agency responsible for administration of the Medicaid program, makes the following assurances:
1. The State of Connecticut pays for inpatient hospital services through the use of rates that are reasonable and adequate to meet the costs that must be incurred by efficiently and economically operated providers to provider services in conformity with applicable State and Federal laws, regulations, and quality and safety standards. These rates are determined in accordance with the methods and standards established under the State Plan and Section 17-312-102 through 17-312-105 of the Regulations of Connecticut State Agencies and reflect pre-BBA of 1997 Medicare TEFRA Reimbursement Principles including the OBRA 90 modifications to that methodology except effective October 1, 1999 there is no annual update factor applied to cost per discharge. The Department can assure pursuant to 42 CFR447.272 that aggregate payments to hospitals do not exceed the amount that can reasonably be estimated would have been paid under Medicare payment principles.
  2. The methods and standards used to determine payment rates for inpatient hospital services take into account the situation of hospitals that serve a disproportionate number of low-income patients with special needs. This is accomplished through the use of the Medicare disproportionate share adjustment methodology established under Section 1886(d)(5)(F)(iv) of the Social Security Act. Therefore, the Department can assure that payment rates take into account the situation of hospitals, which serve a disproportionate number of low-income patients with special needs pursuant to Section 1902(a)(13)(A)(iv).

**Additional Categories of Hospitals Qualified for Disproportionate Share Payments**

- a) Disproportionate share payments to hospitals qualifying for such payments as a result of providing treatment services to low-income persons determined eligible for financial and/or medical Assistance under the State General Assistance Program.
- b) Disproportionate share payments to hospitals qualifying for such payments as a result of providing treatment services to uninsured or underinsured children under the jurisdiction of the Commissioner of Children and Families.

- c) Disproportionate share payments to psychiatric hospitals qualifying for such payments as a result of having a high percentage of uncompensated care.
  - d) Disproportionate share payments to acute care hospitals qualifying for such payments as a result of providing uncompensated care.
  - e) Disproportionate share payments to acute care hospitals qualifying for such payments as a result of providing uncompensated care in distressed municipalities.
- 3. State Plan Amendment 01-014 adds a new Section (10), "Additional Disproportionate Share Payments for Private Freestanding short-term Children's Hospitals which provide Uncompensated Care under Section 1923 of the Social Security Act".
  - 4. The Department has complied with the public process requirements of the Balanced Budget Act of 1997 by publishing notice of the State Plan Amendment and making available to the public proposed and final rates, methodologies and justifications (copy attached).
  - 5. The State Plan specifies comprehensively the methods and standards used to set Medicaid rates in accordance with 42 CFR430.10 and 447.252.
- B. Related information as required by 42 C.F.R., Part 447, Subpart C:
- 1. As indicated in Attachment A, the estimated average payment rate as of the effective date of the proposed amendment and the estimated average payment rate for the immediate preceding period is \$22,872.
  - 2. Additional categories of disproportionate share payments are made in the form of direct payments for services and are not included as part of payments made on behalf of Medicaid recipients.

Estimates of disproportionate share hospital payments for additional categories of hospitals are as follows (Estimates of gross amounts for FFY 2002):

- a) Hospitals qualifying for payments for services provided to low-income persons eligible for the State General Assistance Program:

\$28 million - Estimate based upon prior year expenditures adjusted for expected growth in the number of eligible and applicable rates.

- b) Hospitals qualifying for payments for services provided to uninsured children under the jurisdiction of the Commissioner of Children and Families:  
  
\$1.2 million - Estimate based upon prior year expenditures of the Commissioner and applicable rates.
- c) Psychiatric hospitals qualifying for payments for services provided to low-income persons:  
  
\$87.6 million - Estimates based upon an analysis of the number of uncompensated services at psychiatric hospitals expected to qualify for payments and applicable rates.
- d) Acute care hospitals qualifying for payments for uncompensated care:  
  
\$85 million - Estimates of uncompensated care are derived from cost reports submitted to the Office of Health Care Access, which is the government agency responsible for hospital budget review and audit reporting.
- e) Final quarter adjustments to the uncompensated care pool.  
  
\$4.9 million – Estimate of the impact of not taking any negative adjustments for disproportionate share payments for hospital fiscal year 1999.
- f) Final settlement for disproportionate share payments for hospital fiscal year 1999 for teaching hospitals located in distressed municipalities.  
  
\$6.6 million - Estimate of the settlement of disproportionate share payments to teaching hospitals located in distressed municipalities.
- g) Disproportionate share payments to hospitals located in distressed municipalities.  
  
\$15 million - Estimate of the amount of new disproportionate share payments to hospitals located in distressed municipalities as defined in section 32-9p of the Connecticut General Statutes.
- h) Disproportionate share payments to private freestanding short-term children's hospitals.  
  
\$7 million – Estimate of the amount of new disproportionate share payments to private freestanding short-term children's general hospitals.

C. State Assurances Required by P.L. 102-234, 42 C.F.R. 447.272(c):

1. Aggregate disproportionate share payments to hospitals will not exceed the State's base disproportionate share hospital payment adjustment allotment.

**D. State Assurances pursuant to section 1923(g) of the Social Security Act.**

1. Disproportionate share payment adjustments to hospitals will not exceed the limitations described at section 1923(g) of the Social Security Act.

Attachment A

State Plan Amendment 01-014  
Effective 11/12/01

	Annualization of Costs <u>Pre-Plan Change</u>	Annualization of Costs <u>Post Plan Change</u>
Medicaid Service Payments <sup>1</sup>	\$141,000,000	\$141,000,000
Medicaid DSH Payments <sup>2</sup>	\$328,000,000	\$235,000,000
Total Hospital Payments	\$430,000,000	\$376,000,000
Medicaid Discharges <sup>3</sup>	18,800	18,800
Cost Per Discharge	\$22,872	\$20,000

[1] Estimated expenditures for fee-for-service inpatient acute care hospital services only.

[2] Reflects reduced allotment in Balanced Budget Act for FFY 2000.

[3] Fee-for-service discharges only. Excludes discharges paid for through managed care plans.



## NOTICE OF PROPOSED CHANGES TO THE STATE MEDICAID PLAN PERTAINING TO CLAIMS FOR FINANCIAL PARTICIPATION

The Department of Social Services proposes to revise its Medicaid State Plan effective November 12, 2001 as follows:

1. State Plan Amendment 01-014 establishes a new Section 10, "Additional Disproportionate Share Payments for Private Freestanding short-term Children's General Hospitals which provide Uncompensated Care under Section 1923 of the Social Security Act". Payments under this section are expected to result in an increase of \$7 million in hospital disproportionate share payments in SFY 2002.
2. State Plan Amendment 01-015 establishes a new Section 11, "Additional Disproportionate Share Payments for Private Acute Care Hospitals (short-term General Hospitals) which provide Additional Certified Uncompensated Care under Section 1923 of the Social Security Act". Payments under this section are expected to result in an increase of \$2.8 million in hospital disproportionate share payments in SFY 2002.
3. State Plan Amendment 01-016 establishes a new Section 12, "Additional Disproportionate Share Payments for Private Acute care Hospitals (short-term General Hospitals) which provide Uncompensated Care to Inmates of Correctional Facilities under Section 1923 of the Social Security Act. Payments under this section are expected to result in an increase of \$2 million in hospital disproportionate share payments in SFY 2002.
4. The proposed changes are intended to provide additional assistance to short-term general hospitals and private freestanding short-term children's hospitals that provide uncompensated care
5. The proposed changes are expected to result in a total increase of \$11.8 million in hospital disproportionate share payments in SFY 2002.

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1. Written comments may be sent by November 23, 2001 to:

Director of Medical Care Administration  
Department of Social Services  
25 Sigourney Street, 11<sup>th</sup> Floor  
Hartford, CT 06106

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